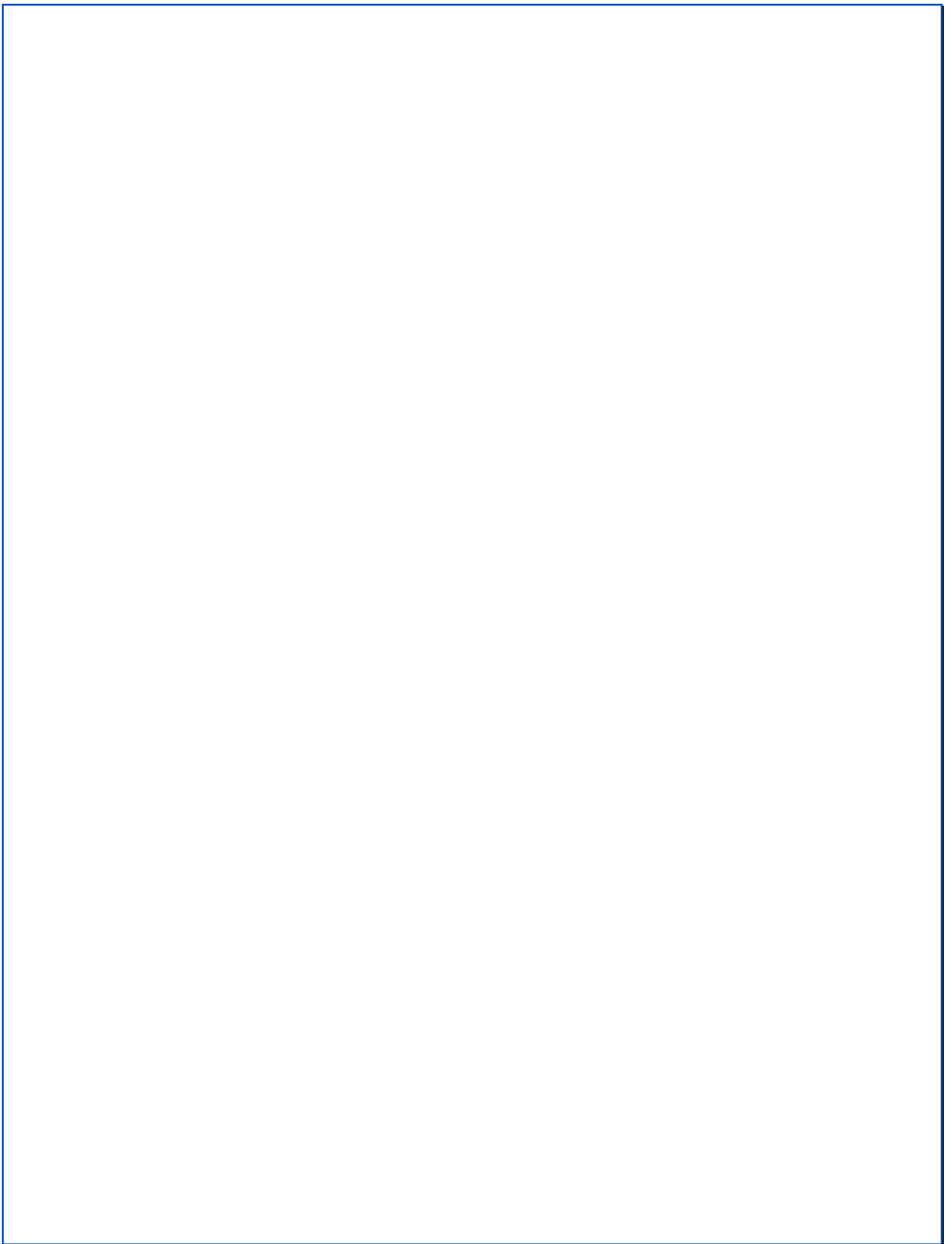


Saskatchewan Institute of  
Applied Science and Technology

# Operations Forecast 2011-12

Approved by the SIAST Board of Directors  
September 22, 2010





# Table of Contents

---

**Summary of SIAST’s Financial Requirements for AY 2011-12 .....3**

**Economic Environment Summary .....5**

**Scenario Planning .....7**

    Additional Resources Required to Maintain Programs and Services (Status Quo Budget)..... 7

    Zero Percent Increase in Base Funding..... 8

    Five Percent Increase in Base Funding..... 8

    Five Percent Decrease in Base Funding ..... 9

    Tuition Fee Increase..... 9

**New Initiatives.....10**

    Mining Engineering Technology Diploma ..... 10

    Saskatchewan Collaborative Bachelor of Science in Nursing Degree (SCBScN) ..... 10

    Facility Infrastructure Projects..... 10

**VISION**

*A global leader in innovative education, valued for student success and advancing social and economic prosperity.*

**MISSION**

*SIAST is Saskatchewan’s primary public institution for the development and delivery of post-secondary technical education and skills training. We share knowledge, provide skills training and engage in applied research, meeting the needs of students, employers and communities.*



# Summary of SIAST's Financial Requirements for AY 2011-12

SIAST's Operations Forecast provides an opportunity to present the Ministry of Advanced Education, Employment and Immigration (AEEI) with financial information and strategies to assist the Ministry in developing its budget for the Saskatchewan post-secondary system. It enables SIAST and the Ministry to engage in discussions to better understand budget issues, priorities, challenges and opportunities. It provides an opportunity for SIAST to ensure its direction is aligned with priority initiatives important for the Saskatchewan post-secondary system. The document outlines the funds necessary to continue existing operations. It requests resources for organizational initiatives that advance SIAST's strategic direction to increase the success rate of students and provide more graduates with career-ready skills to help fuel the provincial economy.

SIAST rose to the fiscal challenge of presenting a balanced budget for the 2010-11 academic year (AY). A reduction in funding envelopes in AY 2010-11, however, left SIAST with underlying pressures with respect to maintaining its current array of programs and services. Its ability to respond to projected labour market growth in Saskatchewan must not be compromised further.

We understand that government resources are finite and have tried to be prudent and contributory in our requests for increased funding for AY 2011-12. SIAST has indicated where funding challenges can be a shared responsibility between government, the institution and other stakeholders. We believe the funds requested below (\$12,145,841) are the minimum financial requirements necessary to fulfil our mandate.

SIAST is requesting a 5.3% increase in base funds for AY 2011-12 as follows:

<b>Requested Increases to Base Funding AY 2011-12</b>	<b>Amount</b>
Saskatchewan Collaborative Bachelor of Science in Nursing degree (SCBScN)	\$2,042,000
In-scope pay increase based on difference between a 1.5%/2%/2% mandate and funds received to-date	\$1,099,240
Out-of-scope compensation for 2011-12	\$216,000
Inflationary increase @ 1.5% of non-salary dollars	\$495,000
Reinstatement of capital budget funding reduced in the 2010-11 provincial budget	\$1,283,900
Reinstatement of TEL funding cut in the 2010-11 provincial budget	\$1,024,701
<b>Total</b>	<b>\$6,160,841</b>

SIAST is requesting additional one-time funds for AY 2011-12 as follows:

<b>Requested One-time Budget Funds AY 2011-12</b>	<b>Amount</b>
PEPP claim liability	\$4,400,000
Facility infrastructure initiatives for SIAST Kelsey Campus	\$1,585,000
<b>Total</b>	<b>\$5,985,000</b>

# Economic Environment Summary

---

Saskatchewan is emerging from a world recession that saw diminished demand for the province's natural resources. Shrinking provincial revenue caused by weak potash sales, and hence lower royalties, resulted in SIAST receiving a reduced capital budget and an operating budget that was insufficient to maintain its functional commitments. Accordingly, SIAST rationalized its operations for AY 2010-11 and reduced 5% of its base-funded certificate and diploma program capacity. In addition, SIAST plans to implement parking fees, apply a 0% salary increase for out-of-scope managers, and institute increased financial risk by amplifying continuing education revenue projections and vacancy management targets.

SIAST has been forthright in developing a strategic planning process (using the Balanced Scorecard framework) that ties long-term planning goals and themes with short-term measurable objectives and initiatives to better improve results and outcomes. This has permitted clarity of focus, enabling the institution to achieve extraordinary results during a period of economic uncertainty and funding challenges. SIAST has aggressively moved forward initiatives that support the provincial government's priorities. To support the provincial strategy that focuses on improving student performance and bridging the gaps in graduation rates and workforce participation for First Nation and Métis, SIAST completed a study of the barriers to success for Aboriginal students and implemented a new Aboriginal Student Achievement Plan (ASAP). In response to provincial demands to support new immigrants, SIAST participated in initiatives that assess the credentials of new Canadians so that they can quickly enter the workforce and be productive. SIAST also responded to a demand to expand federally-funded English Language Instruction for New Canadians.

As the necessity for increased training seats and new program initiatives was identified, SIAST again rose to the challenge to accommodate more apprentices, added a new insurance option to our suite of Business diplomas, assumed funding to support the operations of our new SIAST Kelsey Ave W Centre initiative, and advanced planning towards offering a new diploma in Mining Engineering Technology. To meet skills shortages in health care, SIAST has been fully engaged in the development of a new partnership initiative for a collaborative nursing degree with the University of Regina.

The above represents but a few of the new initiatives that SIAST has advanced and will embark on in the 2010-11 academic year. Recent correspondence from the Ministry of AEEI suggests that operating and capital budgets may be held at a reduced base line for the foreseeable future. Superimposed on that is an expectation that SIAST will continue to be innovative in program delivery and new program offerings. Anticipation is high that we will train, educate and graduate more people with employable skills to meet the needs of the provincial economy. SIAST's strategic agenda boldly outlines our intention to continue to be a fully contributing participant in the province's innovation agenda by setting out plans to boost the number of international students, increase the success rate of Aboriginal students, and continue to increase our capacity to train apprentices.

In the past five years, enrolments at SIAST have grown 16.5% from 13,224 full-load equivalent (FLE) to 15,475 FLE. This number includes 2,451 persons that declared Aboriginal ancestry representing 17.3% of the overall student population. SIAST is the only post-secondary institution in the province to be

exhibiting such growth. Forecasts from industry associations predict unprecedented employment opportunities in mining and construction over the next 10 years due to the combined impact of baby-boomer retirements and economic growth. Continued growth in employment opportunities for health care professionals is also envisioned.

SIAST has managed to renovate its facilities and expand its capacity to accommodate recent increases in enrolment through a random, and often improvised, series of infrastructure initiatives. These initiatives are costly to complete and facilities cost more to operate when they are divorced from the city campuses. As the economy expands, so does SIAST's need to generate more graduates. We are poorly positioned for this eventuality due to overcrowded facilities and threatened financial stability. SIAST must be permitted to add new buildings and acquire land at its campuses if it is to provide the student spaces that are projected to match the skill requirements of the Saskatchewan labour force of tomorrow. It is imperative that new capital infrastructure initiatives be achieved through planned and systematic approaches involving a shared SIAST and provincial responsibility.

We are optimistic that SIAST will complete the collective bargaining process early in AY 2010-11, resulting in the need for salary and benefit increases for both its academic and professional services staff. Out-of scope employees, who number 100, must also be afforded salary increases to ensure we can recruit and retain key leaders. SIAST has been without inflationary increases for more than 10 years. The institution continues to do more despite these challenges but has reached the stage where difficult decisions about its future focus will have to be made if funding remains at its current levels.

We recognize that SIAST cannot rely solely on government funding to achieve our vision, mission and values. SIAST does, however, respectfully petition for equitable treatment with the universities of our province who received a 5% increase to their base budget for AY 2010-11 despite their stable or declining enrolments. We will again reluctantly embark on a budget and planning process for AY 2011-12 that involves prudent budget saving measures and increased revenue generating initiatives, ensuring we prioritize and maximize resources that position our institution to advance important strategic initiatives and pursue evolving program opportunities. We require the government to be supportive of our direction and to provide funding commensurate with our contribution to the post-secondary sector. It is crucial that the government recognizes the significant role SIAST plays in providing skilled workers that support every sector of the provincial economy.



# Scenario Planning

---

Saskatchewan public post-secondary institutions have been requested by the Ministry of AEEI to identify the financial and operational impacts on discrete funding scenarios.

## **Additional Resources Required to Maintain Programs and Services (Status Quo Budget)**

The main cost drivers that impact SIAST for AY 2011-12 including our ability to maintain programs and services at AY 2010-11 funding levels, are the collective agreement settlement costs, out-of-scope compensation costs, inflationary costs, and one-time PEPP liability costs.

SIAST has already received monies towards an anticipated collective agreement settlement for AY 2009-10 and AY 2010-11, but requires funds to cover the anticipated compensation increase for AY 2011-12. An addition of \$1,099,240 to SIAST's budget is required and represents the difference between what has already been received and the amount that will be required to fund an anticipated 1.5%/2%/2% collective agreement settlement for increased compensation with both SGEU bargaining units in AY 2011-12. If the collective agreement settlement is higher than anticipated, then this amount will be insufficient to maintain current programs and services. Due to differing fiscal year ends, SIAST will require a further addition of \$1,425,000 of collective agreement funding beginning in AY 2012-13.

SIAST took the difficult and unprecedented step of informing out-of-scope staff at the director and above level that there would be no cost-of-living salary increases for AY 2009-10. SIAST cannot absorb an anticipated 2% salary increase to its 100 out-of-scope employees for AY 2011-12. We reallocated money internally to cover the cost of a 2% out-of-scope salary increase for AY 2010-11, but SIAST's ability to absorb a further 2% out-of-scope salary increase for AY 2011-12 is not tenable. An increase to SIAST's budget of \$216,000 is therefore required for AY 2011-12.

A modest projection of a 1.5% increase in non-salary costs to offset inflationary pressures requires that SIAST receive an additional \$495,000 budget allocation for AY 2011-12.

A one-time PEPP claim liability payment due to perceived misinterpretation of pension contribution eligibility information provided to past part-time employees has been estimated at \$4,400,000. Payment settlements are anticipated during AY 2011-12. SIAST has no ability to pay out this money without impacting operations for AY 2011-12.

SIAST, therefore, requires an additional \$1,810,240 to its base budget for AY 2011-12 and a one-time addition of \$4,400,000 for PEPP liability payments to ensure that we can maintain programs and services at the 2010-11 level. It must be stated that this scenario is not tenable as the ongoing loss of capital funds (\$1,283,900) and TEL funds (\$1,024,701) from SIAST's base budget severely impacts the institution's ability to maintain the current array of programs and services.

## Zero Percent Increase in Base Funding

A 0% change in the base provincial grant set in 2010-11 would result in a funding shortfall of \$4,118,841 for SIAST. This shortfall would generate internal rationalization and prioritization resulting in a second successive year of abnormally high cutbacks in academic programs, student spaces and services. The \$4,118,841 shortfall is calculated as follows:

<b>Funding Shortfall with 0% Change in Base Grant</b>	<b>Amount</b>
Reallocation of internal funds necessary to replace the capital budget reduction instituted in the 2010-11 provincial budget	\$1,283,900
Reallocation of internal funds necessary to replace TEL funding cut in the 2010-11 provincial budget	\$1,024,701
In-scope pay increase based on difference between a 1.5%/2%/2% mandate and funds received to date	\$1,099,240
Out-of-scope compensation for 2011-12	\$216,000
Inflationary increase @ 1.5% of non-salary dollars	\$495,000
<b>Total</b>	<b>\$4,118,841</b>

To understand the impact a \$4,118,841 shortfall in funding will cause, can be best represented as the deletion of the equivalent of an entire academic division at SIAST. One of SIAST's smaller academic division's base budget (net of tuition and continuing education revenue) is approximately \$4,200,000. This division serves 1,000 students each year, involves 25 certificate or diploma programs and employs over 150 instructional and support staff.

The PEPP claim liability payment would still be outstanding and has not been factored into this or the next two scenarios.

## Five Percent Increase in Base Funding<sup>1</sup>

A 5% increase in base funding represents \$5,796,924 additional revenue for SIAST. This would be sufficient to fund the above shortfall of \$4,118,841 and provide limited funds for new initiatives that align with SIAST's strategic direction and the province's mandate for post-secondary education.

<sup>1</sup> SIAST used \$115,938,477 as the AY 2010-11 base funding amount for the purpose of calculations. This figure represents all of the provincial funding for operating, training programs/services and capital less the MGS accommodation services grant.

## **Five Percent Decrease in Base Funding<sup>1</sup>**

A 5% reduction in operating and capital funding to the AY 2010-11 base grant would leave SIAST short \$4,118,841 plus \$5,796,924, i.e. \$9,915,765. This would be equivalent to deleting two academic divisions the size of that presented in the 0% funding change scenario.

## **Tuition Fee Increase**

SIAST is proposing a 5% tuition fee increase for AY 2011-12 which generates \$500,000 in additional revenue. This has been SIAST's pattern of tuition increases for the previous four years with such tuition revenue increases typically used to offset salary changes of staff moving through their pay grid, increases to legal fees, investment income shortfalls and amortization changes. This revenue is, therefore, not factored into any of the above scenarios.

# New Initiatives

---

Given SIAST's lack of success in securing funds for proposed new initiatives in the two previous operating budgets, we have determined that new funding requests will be kept to those initiatives which reflect essential requirements. The following initiatives, while not new, are strategic priorities for SIAST and the province and have attained considerable momentum but have not yet been implemented due to funding shortfalls.

## **Mining Engineering Technology Diploma**

For AY 2010-11, SIAST has allocated capital funds of \$372,000 to purchase equipment and \$200,000 in operating funds to hire instructors needed to develop the program/purchase curriculum for this new diploma program. SIAST will allocate operating funds available from program reductions in AY 2009-10 to initiate the first year of the new program in September 2011, but full implementation will require that the Ministry of AEEI provide base funds for year two of the program. It is anticipated that the operating budget for year two of the Mining Engineering Technology program will be approximately \$300,000 with students entering the second year in September 2012. Support in the form of a letter from the Ministry of AEEI is also required for a proposal that will be submitted to Western Economic Diversification Canada to garner start-up funds for the first year.

## **Saskatchewan Collaborative Bachelor of Science in Nursing Degree (SCBScN)**

A separate budget submission has been presented to AEEI as part of a Cabinet Decision Item submitted in August for the SCBScN program. An additional \$2,042,000 in base funding is necessary for SIAST to transition to the new degree program offered in partnership with the University of Regina. These funds will cover operating costs related to increasing student intakes to 350 and is required for facilitating SIAST's participation in this new degree program.

## **Facility Infrastructure Projects**

As described in the Economic Environment Summary of this document, SIAST must have new facilities if it is to be a serious contributor for providing graduates with the necessary preparation to support future growth in the provincial economy. A request to support a new building at SIAST Kelsey Campus of 8,400 square metres has previously been identified as a critical requirement in addressing a dire shortage of classrooms, lecture rooms, and office space in Saskatoon. Such an addition could add 15% enrolment capacity to SIAST Kelsey Campus including much needed expansion room for apprenticeship, nursing seats and programs that support the mining sector, securing Kelsey's ability to accommodate enrolment growth for the foreseeable future.

In addition, SIAST believes it timely to relocate its administrative offices and academic programs from the 4<sup>th</sup> Avenue location in downtown Saskatoon to the main SIAST Kelsey Campus. The annual lease cost of the 4,129 square metres of space occupied in the MNP building on 4<sup>th</sup> Avenue is \$1,098,639 but it is predicted to increase substantially when the lease is renewed in 18 months. We recommend that a single building of 12,500 square metres be built to accommodate the approximately 130 employees currently situated at the 4<sup>th</sup> Avenue location and provide the needed additional instructional and student space identified above. The estimated cost of such a building is \$49,000,000. The Ministry of Government Services (MGS) will save \$1,098,639 from the downtown 4<sup>th</sup> Avenue lease. This annual saving could be applied to any financing required for the new building. Furthermore, SIAST will begin a capital fundraising campaign in 2011 to solicit naming sponsors for the new building and specific rooms to ensure that provincial financial commitments for this building will be kept to a minimum. SIAST will need to develop a building concept proposal during 2011.

We plan to accept the first intake of students into the Mining Engineering Technology diploma program in September 2011 at SIAST Kelsey Campus. Equipment is being purchased in AY 2010-11 for this new program and existing facilities will be renovated to provide a laboratory, classrooms and offices. The cost of the renovation is estimated at \$1,090,000.

We propose that for AY 2011-12, SIAST and the provincial government share the cost of three facility infrastructure initiatives in Saskatoon:

- Complete site work on SIAST Kelsey Campus to prepare for a new building that will accommodate the administrative staff and the academic programs displaced from the downtown Saskatoon 4<sup>th</sup> Avenue location and house new instructional space to accommodate enrolment growth expected over the next five to eight years (\$1,100,000).
- Develop a conceptual design for a new building and revised traffic flows associated with a 12,500 square metres building at SIAST Kelsey Campus (\$980,000).
- Renovate space at SIAST Kelsey Campus to accommodate a new Mining Engineering Technology program (\$1,090,000).

The total cost of these three initiatives is \$3,170,000. SIAST proposes to take \$1,585,000 from its accumulated surplus funds and requests that the Ministry of AEEI match this amount for a one-time capital budget commitment.

